

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 2431 - HB 2327

February 13, 2014

SUMMARY OF BILL: Expands the requirement for all state agencies to actively solicit bids and proposals from service-disabled, veteran-owned businesses to any veteran-owned businesses.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$110,100

Assumptions:

- According to the U.S. Small Business Administration report on veteran-owned businesses dated March 2012, in 2007, there were 2.45 million businesses with majority ownership by veterans, which represented nine percent of all U.S. firms.
- Ranked by the veteran-owned percentage of businesses in the state, the top five states were South Carolina (12.9 percent), West Virginia (12.6 percent), Virginia (12.4 percent), Tennessee (11.9 percent), and Alabama (11.8 percent).
- Of the veteran business owners who responded to the 2007 survey, 8.3 percent had service-connected disabilities.
- The 2007 data shows there are 64,657 veteran-owned businesses in Tennessee. Of that amount 5,367 ($64,657 \times 8.3\%$) had service-connected disabilities. Assuming no growth in the number of veteran-owned businesses, there is a potential for an additional 59,290 veteran-owned businesses to seek registration through the Governor's Office of Diversity Business Enterprise (Go-DBE).
- According to the Department of General Services, the Go-DBE would require two additional positions to handle the increased workload. The recurring cost for each position is \$55,058 (\$36,300 salaries + \$14,558 benefits and insurance + \$4,200 for telephone, computers and related charges). The total recurring cost is \$110,116 ($\$55,058 \times 2$ positions).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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